



Where ideas connect

Department of Environmental Quality
Division of Drinking Water

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Drinking Water Board

Boyd Workman
Chairman

Dale F. Pierson
Vice-Chairman

Myron Bateman

Anne Erickson, Ed.D.

Jay W. Franson, P.E.

Laurie McNeill, Ph.D.

Nancy Melich

Dianne R. Nielson, Ph.D.

Ruth Perry

Charlie Roberts

Chris Webb

MINUTES OF THE JANUARY 17, 2003 DRINKING WATER BOARD MEETING HELD IN
SALT LAKE CITY, UTAH

Board Members Present

Boyd Workman, Chairman
Dale Pierson, Vice Chairman
Myron Bateman
Jay Franson, P.E.
Laurie McNeill, Ph.D.
Nancy Melich
Dianne Nielson, Ph.D.
Ruth Perry
Charlie Roberts

Board Members Excused

Anne Erickson, Ed.D.
Chris Webb

Guests

Chris Morley, Attorney General's Office
Curtis Ludrigson, Rural Water Association of Utah
Doug Nielsen, Sunrise Engineering

Staff Members

Kevin Brown
Michael Georgeson
Bill Birkes
Ken Wilde
Linda Matulich

ITEM 1 – CALL TO ORDER

The Drinking Water Board convened in Salt Lake City, Utah with Chairman Workman presiding. The meeting was called to order at 11:30 a.m.

ITEM 2 – ROLL CALL

Chairman Workman asked Kevin Brown to call roll of the Board members. The roll call showed there were 9 members present at the time.

ITEM 3 – INTRODUCTIONS

Chairman Workman welcomed everyone and asked the guests to introduce themselves.

ITEM 4 – APPROVAL OF MINUTES

Chairman Workman stated a motion to approve the December 6, 2002 minutes would be in order.

Dale Pierson moved the Board approve the December 6, 2002 minutes.

Charlie Roberts seconded.

CARRIED

(Unanimous)

ITEM 5 – STATE REVOLVING LOAN FUND (SRF)/CONSERVATION COMMITTEE

1) SRF/Conservation Report – Vice Chairman Pierson

2) Status Report

Michael Georgeson reported, as of December 4, 2002, the Board has \$1.923 million available in the state fund account. Staff has not received any reports on repayments that have been made since the first of the year. Staff received \$328,000 from the Sales Tax Revenue account for the last three months. The Hardship Grants account has \$272,700.

Discussion followed.

Mike mentioned there weren't any loans closed during the last month.

Mike mentioned the Board has almost \$8.2 million available in the Federal SRF account. Congress is still working on the FY 2003 budget. Staff doesn't know what is available from the FY 2003 capitalization grant fund yet.

Mike mentioned the Billy Bethers funding failed.

3) State SRF Applications

a) Washington City Loan

Bill Birkes reported Washington City presented an application to implement their master plan, which has been reviewed by their engineering company. The project will cost a little over \$5 million. The need for the project results from growth in the Washington/Fields area. The project also relates to their water treatment plant and future distribution of water. The application indicates the city is seeking funds from Rural Development in the amount of \$4,000,000. Washington City is showing an estimated 4 1/2% loan for \$2,000,000 and a grant for \$2,000,000. Washington City will contribute a little over \$500,000 toward the project. This would leave \$1,000,000 needing to be funded.

Bill mentioned the SRF/Conservation Committee's recommendation is to deny Washington's request unless the applicant can show they have exhausted the possibility of the sale of bonds on the private sector and/or have been refused funding from other agencies.

Doug Nielsen, Sunrise Engineering representative for Washington City, was available for any questions of the Board.

Discussion followed.

Myron Bateman moved the Board adopt the SRF/Conservation Committee's recommendation to deny Washington's request unless the applicant can show that they have exhausted the possibility of the sale of bonds on the private sector and/or have been refused funding from other agencies.

Ruth Perry seconded.

CARRIED

(Unanimous)

Discussion followed.

b) Mantua Planning Advance

Bill Birkes reported Mantua applied for a planning advance for a study. The planning advance is estimated at costing \$25,000. A scope of work is in the packet. Mantua's scope of work should be more like Portage's scope of work, which consists primarily of analyzing the system for their usage, looking at their water rights, looking at water source capacity, looking at their storage, distribution, how the engineering firm was selected, and looking at some type of financial analysis for their system. The Town of Mantua has previously received funding from the Drinking Water Board. There is \$56,000 in a construction escrow account being held by the state treasurer. The SRF/Conservation Committee recommends the Board ask the applicant to provide more information on the financial need to fund this study, a more complete scope of work, and what will be done with the excess money.

Doug Nielsen, Sunrise Engineering representing Mantua City, was available for any questions of the Board.

Discussion followed.

Dianne moved the Board adopt the SRF/Conservation Committee's recommendation to reconsider the application. The applicant needs to provide a more complete application regarding their financial need to fund the study, a complete scope of work, how their engineering firm was selected, and be more specific on their project.

Boyd Workman seconded.

CARRIED

(Unanimous)

c) Portage Planning Advance

Bill Birkes reported Portage filed an application for a financial assistance study. The scope of work is included with the application. The estimated cost of the project is \$15,000. The application is not completed. There are some very general statements in the financial section of their application. Portage's average monthly water bill is \$17.62 per connection. Portage realized from the sanitary survey that the water system has some needs. Portage needs some repair work, additional storage and probably some source development work. The SRF/Conservation Committee is recommending the Board ask the applicant to provide more information concerning their financial need to fund the study, a complete scope of work, and how the engineering firm was selected.

Doug Nielsen, Sunrise Engineering represented Portage, was available for any questions of the Board.

Discussion followed.

Myron Bateman moved the Board adopt the SRF/Conservation Committee recommendation for the applicant to provide more information concerning their financial need to fund this study, a complete scope of work, and how the engineering firm was selected.

Boyd Workman seconded.

CARRIED

(Unanimous)

4) Federal SRF Applications

a) Panguitch Loan Authorization Extension

Ken Wilde reported Panguitch has been working hard to close their loan by early April. A Section 7 Consultation may have to be entered to help Panguitch out with a prairie dog problem they are facing right now. If the construction can be extended to July 1, 2003 to start, this would help them out. The SRF/Conservation Committee is recommending a six-month extension.

Doug Nielsen, Sunrise Engineering representing Panguitch City, was available for any questions of the Board.

Discussion followed.

Charlie Roberts moved the Board authorize a six-month extension to July 11, 2003.

Boyd Workman seconded.

**CARRIED
(Unanimous)**

b) Wendover City Recent Events Briefing

Mike Georgeson reported the Board authorized a federal SRF loan to Wendover City in 1999. It was for \$3.4 million, of which \$660,000 was to be principal forgiveness, leaving a balance of \$2,756,000 to be repaid. The project was to be in two phases. Wendover City had a third phase, of which the Board chose not to finance. The first phase was the pipeline replacement across the salt flats, accomplished in 2000/2001. The second phase dealt with a water treatment plant and a storage tank. The second phase was caught up in a dispute between the town and the prospective supplier of the water treatment plant equipment.

The Stateline and Silversmith Casino's suffered greatly from loss of business from the September 11, 2001 events. Wendover, Utah was supplying water to the Stateline and Silversmith, which was the largest water user and revenue source for the community. The casino declared bankruptcy. The Peppermill Casino purchased the Stateline and Silversmith Casino's several months ago. As a result of the purchase, the Stateline and Silversmith had to connect with the West Wendover Water System. Wendover City will lose a lot of revenue from this purchase.

Wendover City has over \$150,000 to pay on an annual basis for the project. Wendover City has lost over \$80,000 in revenue by losing the Stateline Casino business. Wendover City is not going to be able to make their debt service payments. Staff is working with Wendover's financial advisor. Staff began discussions with Rural Development, who is also involved with this project. Staff may have more information next week to send to the Board. A special Board meeting may be held before the next scheduled Board meeting on February 28, 2003 to discuss Wendover's situation.

Discussion followed.

Charlie Roberts moved the Board authorize the SRF Conservation Committee's recommendation to wait and make a decision about refinancing the loan until after the Board has been provided with adequate information on Wendover's situation.

Nancy Melich seconded.

**CARRIED
(Unanimous)**

c) Project Priority List Amendments

Ken Wilde reported the Town of Manila has been added to the Project Priority List. The Town of Manila scored 30.2 points, which puts them ahead of Manti and Herriman on the list. The SRF/Conservation's recommendation is for the Board to approve the updated Project Priority List.

Discussion followed.

Charlie Roberts moved to approve the updated Project Priority List.

Nancy Melich seconded.

CARRIED

(Unanimous)

d) Additional Applications

Bill Birkes reported staff received the applications, listed in the packet, at the last minute. The applications are from the Water Resources Board, and appear to be for planning. Bill has been in contact with Scott Bennett, of Horrocks Engineers. Bill indicated to Scott that staff would like to have the applicants fill out an application to the Drinking Water Board and to include more financial information.

Discussion followed.

Jay Franson commented on having a planning advance discussion item on the agenda for the next Board meeting, so when applications do come in, the Board can make appropriate decisions on the applications.

Dale commented on deferring any planning applications until the April Board meeting.

Dale Pierson moved the Board put a moratorium on planning advances until the Board can look at additional information on what to do with planning advance requests.

Jay Franson seconded.

CARRIED

(Unanimous)

ITEM 6 – POLICY STATEMENT

Bill Birkes reported the Mayor of Oak City brought this issue up. Oak City has one connection on the transmission line where the pressure may not meet the minimum pressure required. A resident had his property up for sale. The property originally started out as a cabin. The intent of the new owner was to convert the cabin into a larger home. In a lot of cases, the transmission line is under pressure. It may be pressurized somewhat depending on how they set the storage tank. In a lot of communities the disinfection facilities are placed at the storage tank, and the transmission line may or may not be disinfected. Staff replied to the Mayor of Oak City, that staff does not have a firm rule other than what is stated in the third paragraph of the Policy Statement.

Discussion followed.

Dale Pierson moved the Board write a letter to Oak City and any other system on what is happening with the rule and what the water system needs to do to make the rule similar to the Policy Statement. The Board will also review the rules on what is a distribution system versus what is a transmission system, and the water system pipeline provided to the customer automatically becomes a distribution line at the point of connection. Also state in the letter that once the rules are modified, the water systems can be in violation of the rules.

Ruth Perry seconded.

CARRIED

(Unanimous)

ITEM 7 – CHAIRMAN’S REPORT

a) Discussion on morning work meeting

Chairman Workman commented on modifying the report mentioned in the work meeting this morning. A copy of the report will be available to the Board members.

Discussion continued from the combined work meeting with the Water Quality Board, the Water Resources Board and the Governor. A Task Force will be formed from the Drinking Water Board, the Water Quality Board, and the Water Resources Board, and report will be made to the Governor on a final decision.

ITEM 8 – DIRECTORS REPORT

a) Budget Status

Kevin Brown reported at the last special session the Legislature reduced the Department of Environmental Quality’s current budget year by \$413,000. The Division’s part is \$62,000. Some of the money will be cut from the local health department contracts for doing sanitary surveys for the Division. The Division also has an additional \$13,000 in their budget that will have to be cut from the current travel budget, etc.

b) 2002 Year in Review (Overview)

Kevin Brown reported on a hand out on the 2002 Year in Review of the Division’s accomplishments/issues/activities.

ITEM 9 – NEWS ARTICLES

The news articles are in the packet.

ITEM 10 – LETTERS

The letters are in the packet.

ITEM 11 – UPDATE

The update is in the packet.

ITEM 12 – RURAL WATER ASSOCIATION OF UTAH’S ANNUAL CONFERENCE
INFORMATION

Information on the Conference is in the packet.

ITEM 13 – NEXT BOARD MEETING

The next Board meeting will be held on February 28, 2003 in St. George, Utah.

ITEM 14 - OTHER

No other business.

ITEM 15 – ADJOURN

Chairman Workman stated a motion to adjourn the Board meeting would be in order.

Dale Pierson moved to adjourn the Board meeting at 1:05 p.m.

Myron Bateman seconded.

CARRIED

(Unanimous)

Linda Matulich
Recording Secretary